

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

## ITEM #3 Foster Care Rates - Triennial Financial Audits and Cost Reimbursement

CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held September 17, 2003, as follows:

September 17, 2003

Office Building # 9  
744 P St. Auditorium  
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on September 17, 2003.

CDSS, upon its own motion or at the instance of any interested party, may adopt the proposals substantially as described or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

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## CHAPTERS

Chapter 11-400 (AFDC – Foster Care Rates), Section 11-405 (Fiscal and Financial Audits) and Section 11-406 (Definitions – Forms)

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

On or about April 18, 2001, The Department of Social Services received a federal letter directing CDSS to apply the annual financial audit requirements contained in Office of Management and Budget (OMB) Circular A-133 to group homes and foster family agencies.

Pursuant to Single Audit Act, at 31 U.S.C. 7501 et. seq., subrecipients of federal funds who receive \$300,000 in combined federal funds must comply with the annual audit requirements contained in OMB Circular A-133. Under federal law group homes and foster family agencies who receive less than \$300,000 in combined federal funds do not have to meet the annual audit requirements contained in OMB Circular A-133.

AB 444 (Chapter 1022, Statutes of 2002), reduced the frequency of mandatory submissions of financial audit reports for those group homes and foster family agencies who receive less than \$300,000 in annual combined federal funds from every year, to at least once every three years. AB 444 was enacted to conserve State general fund dollars associated with both the reduction of administrative resources required to process and review group home and foster family agency financial audits, and audit reimbursement costs pursuant to Welfare and Institutions Code Section 11466.21.

These regulations reduce the frequency of mandatory submissions of financial audit reports for those group homes and foster family agencies who annually receive less than \$300,000 in combined federal funds from once every year, to at least once every three years.

## COST ESTIMATE

1. Costs or Savings to State Agencies: The Department has determined annual savings of \$250,000 to the State.
2. Costs to Local Agencies or School Districts: The Department has determined no additional costs or savings as a result of the filing of these regulations.
3. Nondiscretionary Costs or Savings to Local Agencies: None.
4. Federal Funding to State Agencies: The Department has determined no additional costs or savings as a result of the filing of these regulations.

## LOCAL MANDATE STATEMENT

These regulations do impose a mandate on local agencies but not on school districts. There are no state mandated costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code because any costs associated with the implementation of these regulations are costs mandated by the federal government.

## STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

#### STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

CDSS is not aware of any cost impacts that a representative, private person or business would necessarily incur in reasonable compliance with the proposed action.

#### SMALL BUSINESS IMPACT STATEMENT

CDSS has determined that there is no adverse impact on small businesses as a result of filing these regulations because these regulations will decrease audit costs for corporations with combined federal expenditures of less than \$300,000 annually because these corporations will only need to submit financial audits records every three years rather than annually.

#### ASSESSMENT OF JOB CREATION OR ELIMINATION

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

#### STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

#### STATEMENT OF ALTERNATIVES CONSIDERED

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

#### AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Welfare and Institutions Code Sections 10553 and 10554. Subject regulations implement and make specific in Welfare and Institutions Code Sections 11466.21(a)(1) and (a)(2) Welfare and Institutions Code Section 11466.21(b)(3), and Welfare and Institutions Code Section 11466.21(c).

#### CDSS REPRESENTATIVE REGARDING RULEMAKING PROCESS OF THE PROPOSED REGULATION

Contact Person: Anthony J. Velasquez (916) 657-2586  
Backup: Rick Torres, (916) 657-2586

#### EMERGENCY STATEMENT

These regulations are to be adopted on an emergency basis. In order to allow interested persons an opportunity to submit statements or arguments concerning these regulations, they will be considered at public hearing in accordance with Government Code Section 11346.4.

AGENDA ITEM(S) FOR THIS PUBLIC HEARING – September 17, 2003

ITEM # 1	ORD # 1202-28 Regulations	ABAWD, Food Stamp Voluntary Quit, and FSET Emergency
ITEM # 2	ORD # 0403-08	Family Reunification Child Support Referral Requirements
ITEM # 3	ORD # 0603-13 Reimbursement	Foster Care Rates - Triennial Financial Audits and Cost
ITEM # 4	ORD # 0203-04	CalWORKs/Food Stamps Intercept Program
ITEM # 5	ORD # 0503-12	Foster Youth Personal Rights